

State of Alaska Department of **Transportation and Public Facilities**

TONY KNOWLES

Governor
P.O. Box 110001
Juneau, Alaska 99811-0001

**NEWS RELEASE
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Joe Perkins
Commissioner

907-465-3900
FAX: 907-586-8365

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Department Responds To Massive Legislative Budget Cut

Responding to legislative budget cuts, the DOT/PF today announced several organizational changes, including consolidating design and engineering "preconstruction" functions from the three regional offices, and eliminating thirteen positions in the regional finance sections.

"The legislature cut \$7.4 million in federal money and state general funds, including a 5% across-the-board cut in Design & Construction, and took specific aim at the Alaska Marine Highway System," said Commissioner Joe Perkins. "We've laid off twelve people in the ferry system alone. We're working hard to accommodate a significant reduction in our budget and still maintain the services Alaskans expect from their DOT." Alaska Marine Highway System layoffs were announced in June.

To meet some of the budget cuts, the Department had tentatively proposed reducing middle managers and consolidating financial services from the regions to Juneau headquarters. Employees offered an alternative cost reduction plan that eliminated some positions, but left the remainder in place in the regional offices. Commissioner Perkins said he was willing to give the alternative a chance. "Our employees told me they could absorb a cut and live within the legislature's smaller budget. It's different from what we originally envisioned, but I'm willing to see if this plan works." In order to implement the alternative plan, thirteen positions will be eliminated including two that are currently filled.

Commissioner Perkins cited an internal "Effectiveness Review" as particularly helpful in the Department's response. "Luckily, we had already begun a process of finding ways to make our operations more efficient, reduce costs, and provide better service," Perkins said. "We worked with our staff and a 14-member Public Advisory Group to identify tentative changes, discussed those tentative

decisions with our employees, took employee concerns into consideration, and came up with \$6.3 million in savings."

Although the Effectiveness Review was started as an internal management initiative, the legislature's \$7.4 million reduction in the Department's fiscal year 1998 operating budget forced swift implementation. Legislative cuts will result in the loss of a total of 107 positions. Due to a hiring freeze imposed by Commissioner Perkins prior to the Effectiveness Review process, only 17 of the 107 positions will be eliminated through layoffs, the rest through retirement, attrition, or elimination of vacancies.

Perkins praised the work and the timing of the DOT&PF personnel who worked on the internal review. "We still have to cut \$1.1 million to meet the legislative mandate, but the Effectiveness Review has taken us a long way," Perkins said. "Due to the substantial time and effort put into working with our employees, the public, and interested groups, I am comfortable that we are putting forth the best possible plan to become more efficient, provide better service, and live within a reduced budget."

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Contact: Dennis Poshard, Department of Transportation, (907) 465-3900.